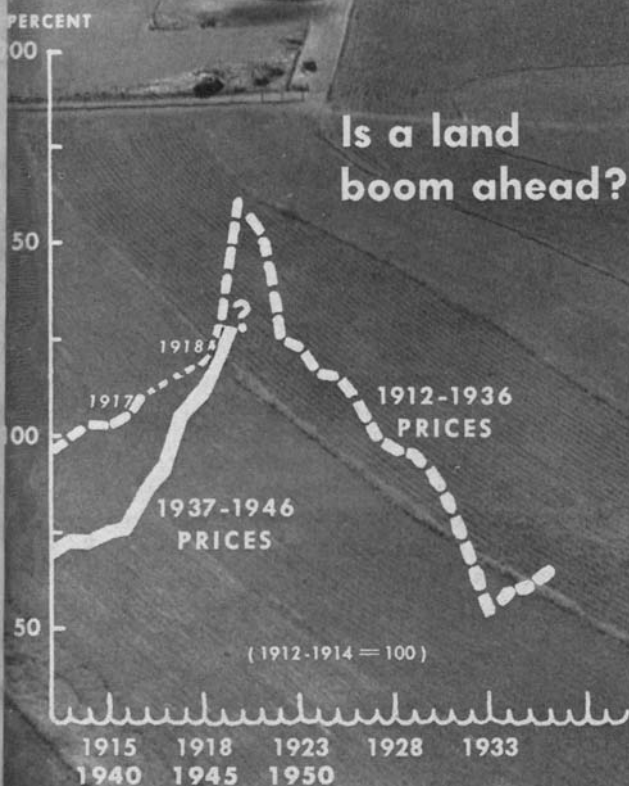


ILLINOIS FARM and HOME OUTLOOK



Circular 609

UNIVERSITY OF ILLINOIS • COLLEGE OF AGRICULTURE
EXTENSION SERVICE IN AGRICULTURE AND HOME ECONOMICS

GENERAL OUTLOOK FOR 1947

Net farm incomes will be lower but still favorable. Production costs will be higher. Prices for farm products expected to decline.

Thru the first half of 1947 prices of many Illinois farm products will be near the levels reached in late 1946. Some prices, especially for livestock and livestock products, may decline, however, as market supplies increase.

Demand will be strong. Incomes of consumers are at record levels and may go higher in early 1947. Exports of certain farm products, particularly farm grains, will be large, at least until 1947 crops are harvested. In general, supplies of farm commodities will not be large in relation to the demand, even at comparatively high prices.

Later in 1947 prices of many farm products may decline substantially from late 1946 levels. Supplies of some commodities will be larger. Foreign demand will probably decline. Business activity in the U. S. may slump enough to cut down the consumers' ability to buy.

By the end of 1947 the U. S. average price of farm products may be down to about the 1945 level, depending on whether the anticipated slump in business activity occurs, how extensive it is, and how long it lasts. The backlog of demand for durable goods and unemployment-compensation payments may prevent a drastic decline in consumer incomes.

Price supports for several farm products at 90 percent of parity provide some protection to farmers. But prices of some items can still drop substantially since many of the items to be supported are now well above the present support level, and price supports for some important Illinois products have not been authorized (see table next page).

Net farm incomes will be high in 1947 altho lower than in 1946. Farmers will have to pay higher prices for many purchased goods and will likely receive lower prices for some of the products they sell.

FARM LAND VALUES

Prices of Illinois farmland have risen sharply since 1940, following much the same pattern as during and immediately following World War I (see cover page). In November, 1946, they averaged 75 percent above 1940 prices, but were 18 percent below the 1920 inflationary peak. In contrast with the period from 1915 to 1919, farm-mortgage indebtedness has been reduced significantly since 1940.

Prospective buyers of farmland should realize (1) that the end of the period of high incomes may be approaching, and (2) that heavy indebtedness should not be incurred.

BEEF-CATTLE NUMBERS HIGH

Prices of finished cattle will be lower. Cull beef herds while prices are good.

Altho the immediate price outlook for fed cattle is favorable, the situation in 1947 can change quickly. Market supplies of finished cattle will be large in 1947, especially in the late spring and summer months. Shipments of stockers and feeders into the corn-belt states for the four months, July thru October, 1946, were the largest on record for this period. As compared with the past two years, a larger proportion of the cattle shipped in were calves and light yearlings.

Prices of finished cattle will decline sharply as market supplies increase. If heavy cattle marketings should come along with a slump in business conditions, the decline in cattle prices could be severe. A favorable factor in the cattle outlook is that marketing of hogs and lambs will be light during the spring and summer of 1947. Cattle marketed in late 1947, however, will compete with larger supplies of hogs and may also face lower demand. Delayed feeding programs therefore appear less desirable than during the war period.

Close culling of beef herds and marketing undesirable animals while prices are high should be continued in 1947. The goals suggest maintaining the number of beef cows in Illinois at the January 1, 1946, level. This means heavier marketing in 1947 than in 1946.

Lower cattle prices are to be expected during the postwar years. Not only are cattle numbers high, but production of beef and veal per person in the U. S. is higher than at any time between World War I and World War II. The Government's postwar price-support program does not include cattle.

SHEEP OUTLOOK FAVORABLE

Numbers still declining. Fewer lambs on feed. Wool stocks large.

The rate of sheep and lamb slaughter during 1946 indicates that the decline in sheep numbers which began in 1942 is still continuing. This means a smaller lamb crop in 1947 — the sixth successive year. The outlook for lambs and wool is favorable enough to justify some expansion in sheep numbers.

The movement of fed lambs to market is expected to be heaviest in the early months of 1947 followed by a sharp drop in April and May. The present level of consumer incomes will support good prices for mutton and lamb.

Supplies of wool in the U. S. continue to be above our annual requirements. U. S. wool production is down but imports of wool have been large.

HOG PRODUCTION HIGHER

Immediate price outlook is favorable. Early 1947 spring pigs advisable.

Hogs will continue to sell at high prices until at least the latter part of 1947. Demand for meats will be strong, and supplies of pork will not be large. Hog prices may decline moderately this winter, however, when marketings from the 1946 spring pig crop are heaviest. In the spring and summer of 1947 hog prices will probably advance, because of the small 1946 fall pig crop. Government support prices range from a low of \$12.75 a hundred for good and choice butcher hogs, Chicago basis, in December, 1946, to a high of \$15.75 in September, 1947.

In late 1947 and in 1948 hog prices will be largely determined by the number of hogs raised in 1947, the supply of other meats, and the level of consumer incomes. The U. S. Department of Agriculture suggests an increase of 13 percent for the U. S. and 17 percent for Illinois in the number of sows to farrow 1947 spring pigs. The U. S. goal, if realized, would result in a 1947 spring pig crop of about 58 million head, which would be the third largest crop on record but 16 million below the crop of 1943. The outlook for early spring pigs is more favorable than for late spring or summer pigs, particularly in view of a possible decline in demand in late 1947.

Meat supplies per person in late 1947 and early 1948 may be the largest for several years and perhaps the largest on record.

DAIRY OUTLOOK GOOD

Demand will be strong. Increased milk production wanted.

As supplies of dairy products increase seasonally in the first half of 1947, prices will decline but will remain higher than in the first half of 1946. Demand for dairy products will likely continue high thru the first half of 1947, and milk production will be slightly lower than in 1946 because of fewer milk cows.

Prices of dairy products may be lower in the latter part of 1947 because of declining demand. Government purchases and exports of dairy products will be lower in 1947 than in recent years. Any significant drop in consumers' incomes will result in lower prices for dairy products. The U. S. Department of Agriculture suggests that for 1947 as a whole, farmers may average about the same returns per 100 pounds of milk or per pound of butterfat as in 1946.

Illinois production goals for 1947 call for a slight increase in total milk production and for milking the same number of cows as in 1946. Culling during 1945 and 1946 reduced milk-cow numbers in Illinois to the lowest level since 1939.

POULTRY AND EGGS

Egg prices to be near support levels. Larger meat supplies will reduce demand for eggs and poultry meats.

Eggs. Prices of eggs in the first half of 1947 are expected to be higher than in the first half of 1946, but may be near Government support levels. Egg production will be 6 to 9 percent lower than in 1946 because of the reduction in number of layers on farms. On Illinois farms there were 9 percent fewer layers in October, 1946, than in October, 1945.

Demand for eggs will not be as strong as in 1946. More plentiful supplies of red meats will weaken the demand by U. S. consumers for eggs. Foreign demand is expected to be smaller than during 1946.

Chickens. Compared with 1946, higher prices for chickens are expected in the early part of 1947 but lower prices in the fall. Production of chicken meat is expected to be about the same in 1947 as in 1946, with less coming from farm flocks but more from broiler production. The 1947 goal suggests raising about the same number of chickens as in 1946.

Turkeys. Because of the marked increase in turkey production in recent years, the 1947 Illinois goal calls for raising 11 percent fewer turkeys than in 1946. The demand for turkeys is expected to be fairly strong, but increased supplies of other meats will lower their price.

FRUITS AND VEGETABLES

Fruits. Prices of fruits in 1947 are expected to be substantially above prewar levels but lower than in 1946. Demand for fruits will likely continue strong thru most of 1947 but may weaken in the latter part of the year. More apples and some other fruits may be exported than in the war years, but competition from imported fruits, especially bananas, may be greater.

Total supplies of fruits may be about as large as in 1946, with a smaller U. S. production and increased imports and carryover stocks of processed fruits. With average growing conditions the U. S. peach crop will be smaller, the apple crop about the same as in 1946, and the strawberry crop larger in 1947. The largest citrus crop ever produced is expected.

Vegetables. Prices of vegetables both for processing and for fresh use are expected to be lower in 1947 than in 1946. Demand may be lower, and stocks of canned and frozen vegetables are now building up. A large decline in home gardening could strengthen the price of fresh vegetables.

Altho U. S. production goals vary for individual crops, they suggest reductions of 9 percent in the acreage of truck crops for processing and of 6 percent in plantings for fresh use.

FEED SUPPLIES LARGE

Requirements for livestock will be lower. Prices will be higher.

U. S. supply of feed grains (corn, oats, barley, and grain sorghums) per animal on October 1, 1946, was substantially larger than in any previous year. Less wheat, however, will be available for livestock feed than during the war years.

Altho more corn may be used commercially in 1947 and more exported than in recent years, stocks of old corn at the end of the 1946-47 feeding season will be the largest since 1942-43. Another large crop in 1947 will result in much corn going into a Government loan and storage program.

Total supply of protein feeds for the 1946-47 feeding season is expected to be 6 percent larger than in 1945-46. Most of the increase will be in grain mill by-product feeds while supplies of oil seed cake and meal will be smaller. Prices of high-protein feeds, most by-product feeds, and commercial mixed feeds will be higher than in the 1945-46 season when ceilings held them down.

Hay supplies will be shorter in some areas of Illinois than they were during the 1945-46 season. The 1946 crop was 6 percent smaller than the 1945 crop.

SOYBEANS AND WHEAT

Soybeans. Because of the world-wide scarcity of fats and oils, farmers are expected to receive favorable prices for soybeans marketed in 1947. Prices will decline from the high levels reached in late 1946, however, as supplies of fats and oils increase in the latter part of 1947.

The U. S. Department of Agriculture suggests a 17-percent increase in the 1947 soybean acreage for Illinois, and has recommended that prices are to be supported at 90 percent of the "comparable" price or \$2.04, whichever is higher. Ninety percent of the "comparable" price on November 15, 1946 was \$1.84 per bushel.

Wheat. Altho the 1946 U. S. crop of 1,169 million bushels was the largest on record, the supply will fall short of domestic and potential foreign needs. Because of the very small carryover of old wheat, total stocks on October 1, 1946, were lower than in any of the last five years.

After the 1947 harvest, export demand for U. S. wheat will probably decline if foreign countries raise good crops. Prices for the 1947 wheat crop, however, may be only moderately lower than in 1946. If yields in the U. S. and other important wheat-producing countries are large, considerable wheat will go into the loan program.

THE FARM OUTLOOK for 1947 justifies another year of high production, but it suggests that we make some adjustments in our production programs. We should move with a great deal of caution. Wars have always been followed by periods of uncertainty and declining prices for farm products. Industrial activity and other economic trends, especially those affecting domestic markets, should be watched closely thruout 1947.

This report represents the combined opinions of our staff. Many statements are based on data prepared by the U. S. Department of Agriculture.



January, 1947

U. S. Average Farm Prices and Ninety Percent of Parity or Comparable Prices, November 15, 1946

| Commodity | U. S. average farm prices | Ninety percent of parity or comparable prices | Actual price compared with support |
|---------------------------|------------------------------------|--|---|
| Wheat, per bu..... | \$1.89 | \$1.68 | +\$.21 |
| Corn, per bu..... | 1.27 | 1.22 | + .05 |
| Oats, per bu.*..... | .78 | .76 | + .02 |
| Soybeans, per bu..... | 3.09 | 1.84 | +1.25 |
| Hogs, per cwt..... | 22.80 | 13.86 | +9.94 |
| Beef cattle, per cwt.*... | 17.60 | 10.35 | +7.25 |
| Lambs, per cwt.*..... | 18.40 | 11.25 | +7.15 |
| Wool, per lb.*..... | .41 | .35 | + .06 |
| Butterfat, per lb..... | .84 | .53 | + .31 |
| Milk, wholesale, per cwt. | 5.08 | 3.36 | +1.72 |
| Chickens, per lb..... | .27 | .22 | + .05 |
| Eggs, per doz..... | .48 | .50 | - .02 |

(* No specific postwar price support is authorized.)

LEGUME AND GRASS SEEDS

Supplies of alfalfa and sweet-clover seeds are expected to be large enough for 1947 seedings. Red and mammoth clover seed will be scarce, and alsike, while relatively in better supply than red and mammoth, will not be plentiful. Because weevil damage to straight seedings of sweet clover may be severe in 1947, some other legume should be seeded with sweet clover. Where sweet clover is seeded for pasture, and where soil conditions are suitable, alfalfa may well be seeded with it.

Cooperative Extension Work in Agriculture and Home Economics:
University of Illinois, College of Agriculture,
and the United States Department of Agriculture cooperating.
H. P. Rusk, Director.

Acts approved by Congress May 8 and June 30, 1914.

FARM FAMILY OUTLOOK

Most farm families will have an improved level of living in 1947. The net income, however, that they will have for living and saving, altho still high, may fall 10 to 15 percent below the record 1946 level.

As more goods come on the market, farm families will buy more, despite the higher prices. In August 1946, prices for all commodities for farm-family living averaged 86 percent more than in June, 1939. Clothing prices went up 96 percent, furniture and furnishings 79, food 70, and operating expenses 25.

Supplies of clothing and textiles will continue spotty because of the high demand. Altho production of home equipment is above that of 1941, many durable items are still scarce. A large rural-electrification program will further increase the demand for electrical equipment. By the end of 1947 most of the backlog in demand for consumer goods, as well as current demands, should be filled, except for automobiles and housing.

BUILDING MATERIALS

Building costs will probably be at their peak in 1947. The housing program will take a large part of the building materials. Make long-range plans for farm building and housing improvements to offset the lack of building during the depression and war years, but defer major building until after 1947.

If possible, however, wire for electric service, install a septic tank, insulate your house, salvage materials from old unneeded buildings, and make any other necessary improvements.

FARM MACHINERY SCARCE

New farm machinery will continue to be scarce during 1947. Prolonged strikes have closed several manufacturing plants for months. The supply of repairs for farm machinery is at an all-time low. Maintenance and repair of farm machinery continues to be of major importance. New types of labor-saving equipment will be available in small quantities.

FOREST PRODUCTS

With lumber stocks 25 percent of normal, timber values should hold well until inventories are rebuilt. Demand will be strong thru 1947. Make sales on a marked-tree basis to include mature trees, short trunks, and low-value species. Lump-sum sales or sales on an acre basis will penalize the seller. Prices will not justify selling rapid-growing good-quality trees.